

**CITY OF MILWAUKIE**  
**BUDGET COMMITTEE MEETING**  
**May 14, 2018**

Members Present: Shane Abma, Lisa Batey, Jesse Boumann, Milo Denham, Angel Falconer, Mark Gamba, Michael Osborne, Wilda Parks and Jon Stoll

Excused: Ronn Palmer

Staff Present: Leila Aman, Chuck Eaton, Haley Fish, Alma Flores, Katie Newell, Ann Ober, Peter Passarelli, Samantha Vandagriff

**Chair Stoll** called the Milwaukie Budget Committee meeting to order at 5:41 pm.

Public Comment

**Chair Stoll** called for public comment.

**Andrea Adams** represents the Arts Committee; she read a letter to the Budget Committee requesting \$20,000 to support the arts development in the city.

Discussion amongst **Ms. Batey, Mr. Denham, Mr. Abma** and **Mayor Gamba** clarifying the budget ask amounts. Discussion continued to a discussion of costs associated with murals. The budget is currently in the city council budget. It was clarified the money would go to the non-profit.

**Mayor Gamba** made a motion to close the testimony section of public comment; it was seconded by **Ms. Parks**. Motion passed unanimously.

Department Budget Detail Presentations

Library budget was presented by **Katie Newell** and **Leila Aman**. Ms. Newell presented the Library's operating budget; the budget has decreased due to the upcoming move to a temporary site, there will be a reduction in supplies and staffing. The rents and leases line reflects the cost of the Pods rental.

**Ms. Batey** clarified the Pods rental is funded by the Library operating budget instead of the construction budget.

**Ms. Fish** responded that it was moved to material and services since the amount would not be capitalized.

**Ms. Parks** asked why the performance measures for quality programs has decreased.

**Ms. Newell** explained the reduction in the number of programs is in anticipation of the upcoming move and the construction restrictions. The recent opening of the Happy Valley and Oregon City libraries could be a factor.

**Ms. Batey** stated the number of patron computer sessions stands out.

**Ms. Newell** stated she will look at this performance measure.

**Chair Stoll** stated the reserve appears to be zero.

**Ms. Fish** responded the Library is just meeting the policy requirements.

**Ms. Aman** presented the Library's construction budget which is found in the CIP. Currently, there are \$250,000 in grants and donations. She expects the costs to increase due to time delays and design changes.

**Ms. Batey** asked if that is the \$482,000.

**Ms. Fish** responded they are aware there are changes and not sure what the cost will be; it is balanced as of this point.

**Ms. Ober** explained it does not reflect the Pond House sale; there are increased costs from the construction delay. Staff will come back to the Budget Committee when there is a better idea of the amount.

Community Development budget was presented by **Alma Flores**. She described department functions and personnel responsibilities. Implementation of affordable housing will continue into the next budget. Materials and services decreased; in previous years, consultants were hired for the ongoing projects that will be implemented going forward.

**Ms. Parks** asked for explanation of economic development initiatives.

**Ms. Flores** responded there were funds to assist in establishing relationships with downtown businesses, focus groups with developers, a parking study and a market analysis. A lot of planning was done to implement the initiatives in the upcoming biennium.

**Ms. Parks** offered NC Chamber of Commerce as a resource to the businesses in the city.

**Mayor Gamba** stated the budgeted amount for land banking seems small.

**Ms. Fish** responded the \$25,000 is the staff limit to approve a property purchase; nothing specific right now.

**Ms. Ober** stated there are not specific properties to pursue right now; staff will discuss with Council when they have a better idea.

Affordable Housing (CET) budget was presented by **Alma Flores**. In the last five months, this fund has collected over \$35,000. This is a new revenue for the city; it is a 1% tax on new development, housing or commercial, and there are incentives available to developers. She continued with the CIP which include urban renewal. She explained the CIP lists quite a few unfunded projects; to apply for grants, the project must be listed in the CIP. There is a summary of the grants on page 107.

**Ms. Batey** asked why aren't all unfunded projects included in the CIP; for example, city parks.

**Ms. Fish** explained the CIP is a six-year plan.

**Ms. Ober** added they are in the NCPRD CIP.

**Mr. Abma** asked if what the city has for Milwaukie Bay Park the exact same thing as NCPRD.

**Mr. Eaton** replied it is the same, except Phase 4 is included in the city's master plan as unfunded.

**Ms. Ober** gave the Committee some numbers of the NCPRD's budget.

Committee discussed adding all unfunded projects to the CIP; this will be a parking lot item.

Committee discussed individual projects in the Community Development CIP.

Building Inspections budget was presented by **Samantha Vandagriff**. The FTE count increased and materials and services will increase due to the development, which will increase the cost of inspections done by Clackamas County.

**Ms. Batey** asked what inspections does the county perform.

**Ms. Vandagriff** responded the county does commercial plumbing and electrical. She clarified that the new person is a plans examiner and building inspector; the requested FTE would be a permit tech split between Engineering and Building.

**Chair Stoll** asked what is contingency.

**Ms. Fish** responded that all funds have a reserve policy; 50% of materials and services and personnel services are budgeted as contingency. Building has a high reserve policy due to the fluctuation of activity.

**Mr. Denham** asked what represents the operating budget.

**Ms. Fish** responded personnel services, materials and services, and transfers,

**Mr. Abma** needed clarification of totals.

**Ms. Fish** clarified ending and beginning fund balance.

**Mayor Gamba** asked why fees and charges has a significant drop in 2020.

**Ms. Vandagriff** and **Ms. Ober** explained the increase is due to Axel Tree development; it is dependent of when permits are pulled, when revenue is received.

#### **Fleet and Facilities CIP:**

Committee members and **Mr. Passarelli** discussed the Council Chambers and City Hall office remodel.

Committee members, **Mr. Passarelli** and **Mr. Farwell** discussed the City Hall windows and brick repair.

**Ms. Ober** stated the City Hall windows discussion will be added to the parking lot.

Committee members and **Mr. Farwell** discussed the JCB roof.

Committee members and **Mr. Farwell** discussed the old police vehicles.

Committee members and **Mr. Passarelli** discussed the solar array for JCB.

Committee members and **Ms. Fish** discussed the vehicle technology modernization.

Committee members and **Ms. Fish** discussed the storage area network replacement

Public Works Administration budget was presented by **Peter Passarelli**. There is an increase in FTE for a coordinator to assist with the climate action plan and sustainability initiatives. There is some carryover from the current budget for the climate action plan contract.

**Ms. Fish** added FY18's personnel services have been reduced since NCPRD is providing seasonal workers for Elk Rock. FY19 budget has estimated an \$30,000 increase due to the overlap of the Good Company contract.

**Mr. Passarelli** continued with discussing the upcoming goals of the department including the implementation of the climate action plan, managing the urban forest.

**Chair Stoll** asked about the emergency management line.

**Mr. Passarelli** responded the radio subscription budget was formerly in the Information Technology budget.

**Ms. Fish** responded this is consistent with the police budget for the radios. She added this department will need a supplemental budget for FY18 due to a large payout to a former employee.

**Mr. Boumann** asked what the current coverage area is of the urban forest.

**Mr. Passarelli** responded it is 26-27%.

Water budget was presented by **Peter Passarelli**. This budget is relatively flat; the utility billing line item was removed since it will now be reflected in the transfers. This department has long-term and new employees, so the upcoming focus on the job training and succession planning.

**Ms. Batey** asked will 200 new housing units be noticeable on the system.

**Mr. Passarelli** responded one of the upcoming water cost of service study to ensure costs are properly allocated among customer classes and improve methods on how to determine rates.

**Chair Stoll** asked when this study last done.

**Mr. Passarelli** responded in 2010 – 2011; focusing on energy efficiency at water treatment facilities and updating the master plan.

Committee members and **Ms. Fish** discussed the contingency and reserves.

**Ms. Ober** added project costs will see significant increases.

Wastewater budget was presented by **Peter Passarelli**. He described the department personnel. Upcoming goals include finding energy saving opportunities for the pumps, conducting a wastewater cost of service study and updating the master plan.

**Ms. Batey** asked what are self-insured claims.

**Ms. Fish** responded it can be small claims that the city chooses not to send through the insurance company, which could increase the rates, or claims denied by the insurance company.

**Mayor Gamba** asked if WES projected the cost for the processing of solids.

**Ms. Fish** responded she had not received any rate projections.

Stormwater budget was presented by **Peter Passarelli**. There has been an increase of workflow due to an increase in water quality projects and increase in rain garden installations.

**Ms. Batey** asked if the city is responsible for the stormwater facilities that were put in by light rail.

**Mr. Passarelli** responded it is the city's responsibility for those that were installed. This budget also reflects an increase in contractual services to work with the watershed councils.

**Mayor Gamba** asked if this will allow citizens to take advantage of the program with the North Clackamas Urban Watersheds Council.

Committee members discussed overflows.

**Mr. Passarelli** stated the increase in the refuse line accounts for street sweeping and leaf disposal costs.

**\*\*Break\*\***

Streets / State Gas Tax budget was presented by **Peter Passarelli**. This budget has added an additional FTE to assist with pothole repairs, patching and ADA ramps. Accomplishments include snow removal equipment training and working with PGE on the LED street light conversion.

**Ms. Batey** stated fees in lieu were not budgeted.

**Ms. Fish** responded it is a programmed line, it is not budgeted.

**Mayor Gamba** stated the Committee received a letter from Mr. Clark about state shared revenue.

**Ms. Fish** clarified the letter stated allocating state shared revenue to the general fund, but using it if things come up. The funds have been programmed into the budget.

**Ms. Batey** asked if the new gas tax revenue is consistent with the projections.

**Ms. Fish** stated the funds are received in one sum and the projections have the allocation.

**Mr. Passarelli** added Washington Street will be patched between McLoughlin Blvd. and Main Street.

SSMP budget was presented by **Chuck Eaton**. The contractual services increase is for a street survey, which will give the city a pavement condition index (PCI); this information will give the city a reference point for future projects.

**Mayor Gamba** clarified the PCI is required for the city to be eligible for the new gas tax money.

SAFE budget was presented by **Chuck Eaton**. The contractual services budget will be used for public outreach for the upcoming projects.

SDC budget was presented by **Chuck Eaton**. The budget reflects programing funds to the master plan updates. Capital outlay is restricted to projects that increase infrastructure capacity.

**Ms. Batey** asked if there is a time limit to using the SDC money.

**Mr. Eaton** responded no.

**Chair Stoll** asked if there are employees in this fund.

**Ms. Fish** responded the SDC fund is strictly funding the allowable capital, there no transfers or personnel costs.

Engineering budget was presented by **Chuck Eaton**. The large increase is due to increase in FTEs. Accomplishments include completing the SAFE program, expanding the SSMP program to residential streets, starting the ADA transition plan and creating the integrated CIP.

**Mr. Boumann** asked if there is difficulty finding employees for the SAFE program.

**Mr. Eaton** responded yes; there is one person starting this week.

**Mr. Boumann** asked what is the back-up plan if engineers are not hired.

**Mr. Eaton** responded consultants would need to be hired.

**Mr. Denham** asked what are the hours supporting NDAs in the performance measures.

**Mr. Eaton** responded that is going to NDA meetings and PSAC.

**Ms. Batey** asked about the light rail related hours.

**Mr. Eaton** responded staff still has responsibilities including constructing a water quality facility for light rail.

**Ms. Batey** asked about the lane miles of asphalt.

**Mr. Eaton** stated it is a new performance measure this year, mostly is 42<sup>nd</sup> Avenue. He added contractors are busy; the city only received one bid for 42<sup>nd</sup> Avenue paving.

#### **Public Infrastructure CIP:**

**Mr. Eaton** gave previous year CIP project counts to the committee.

**Ms. Batey** and **Mayor Gamba** acknowledged it is a well created document.

#### **Transportation CIP:**

Committee members and **Mr. Eaton** discussed Lake Road.

Committee members, **Mr. Eaton** and **Mr. Passarelli** discussed the downtown public area requirements.

Committee members, **Ms. Fish** and **Mr. Eaton** discussed speed bumps and traffic calming methods.

Committee members and **Mr. Eaton** discussed the pedestrian connections to Springwater Trail.

**Mr. Eaton** pointed phase one is only funded projects by the first bond.

Committee members and **Mr. Eaton** discussed the Kellogg Creek trail improvements.

**Mr. Eaton** stated to balance the budget the slurry seal program and some paving projects are unfunded.

Committee members, **Mr. Passarelli** and **Mr. Eaton** discussed crack seals.

Committee members and **Mr. Eaton** discussed Kronberg Park Trail.

#### **Wastewater CIP:**

Committee members and **Mr. Eaton** discussed Waverly Heights wastewater system reconfiguration.

#### **Water CIP:**

**Mr. Passarelli** stated there has been deferred production and treatment, updating master plan and making strategic decisions on water system replacement.

Committee members and **Mr. Passarelli** discussed storage facilities.

**Mr. Eaton** addressed Stoll's question of the large cash carryforward is related to the McBrod Street project.

**Mr. Passarelli** added seismic improvements will be provided in the master plan.

Committee members and **Mr. Passarelli** discussed Well #2.

#### **Stormwater CIP:**

Committee members and **Mr. Eaton** discussed pervious area for sidewalks.

#### Call for Public Comment

**Chair Stoll** called for public comment.

**Michelle Hemer** offered public comment for a sustainability director.

**Greg Hemer** offered public comment in support of a sustainability director.

**Mayor Gamba** made a motion to close public testimony; it was seconded by **Ms. Batey**. Motion passed unanimously.

#### Public Hearing – State Revenue Sharing

**Chair Stoll** called for public comment.

**Elvis Clark** submitted a comment via email stating state revenue sharing should be used for General Fund purposes.

**Mayor Gamba** made a motion made to close public hearing; seconded by **Ms. Parks**. Motion pass unanimously.

#### Parking Lot/Waiting List

Committee was updated on the bank charges; there was further discussion of the topic and whether to direct staff to research options.

Committee was updated on Council compensation; there was further discussion of the topic. Some changes were made to the draft letter.

Committee was updated on the community asks and history of community requests; committee members discussed the topic.

**Mayor Gamba** made a motion to commit \$20,000 to Art Mob for the mural program; it was seconded by **Chair Stoll**. Motion passed unanimously.

Committee did not discuss the community ask by Milwaukie Museum for Lot's Loop.

The review of financial policy changes had a request to delay by **Mr. Abma**. For the quarterly meetings, the third Thursday or the third Monday was proposed as a meeting date; seven weeks after the quarter closes.

**Mr. Boumann** made a motion to accept staff changes to the financial policies and the report name change; it was seconded by **Mayor Gamba**. Motion carried with 8 yeses and 1 no.

**Mr. Abma** made a motion to allow City Council to fill the Budget Committee vacancy; it was seconded by **Mayor Gamba**. Motion passed unanimously.

To add all the unfunded projects onto the CIP list can be revisited in six months; **Ms. Ober** will clarify with **Mr. Eaton** the staff time involved for this request.

City Hall window replacement and the historical aspect of the building will be brought back to City Council at a future meeting.

Staff will go back to NCPRD to look at the six-year list for the CIP.

Vote to Approve Budget to Council by Budget Committee

**Ms. Batey** made a motion to approve the City Manager's proposed budget with of \$154,117,000 for the 2019-2020 biennium with a property tax rate of \$4.1367 per \$1,000 of assessed value for FY2019 and \$4.1367 per \$1,000 of assessed value for FY 2020. Changes include: 1) reducing Police materials and services \$8,000; 2) increasing Public Works Admin materials and services \$30,000; 3) increasing Community Development materials and services \$49,000; 4) increasing City Council materials and services \$20,000; 5) increase contingency by \$334,000 and make corresponding decrease to unappropriated fund balance; it was seconded by **Ms. Parks**. Motion passed unanimously.

**Ms. Batey** made a motion to approve the bond levy amount of \$913,000 in FY 2019 and \$910,000 in FY 2020; it was seconded by **Mr. Abma**. Motion passed unanimously.

**Ms. Parks** made a motion to approve the state revenue sharing plan; **Mayor Gamba** seconded. Motion passed unanimously.

**Mayor Gamba** made a motion to cancel the May 23, 2018 Budget Committee meeting; it was seconded by **Ms. Parks**. Motion passed unanimously.

Approval of meeting minutes for May 7, 2018

**Mayor Gamba** made a motion to approve the May 7, 2018 minutes as written; it was seconded by **Mr. Abma**. Motion passed unanimously.

Next Meeting

The May 23<sup>rd</sup> meeting has been canceled.

Adjourn

It was moved by **Mayor Gamba** and seconded by **Ms. Parks** to adjourn the Budget Committee meeting at 10:37 p.m. Motion passed unanimously.

Respectfully submitted,

*Judy Serio*  
Judy Serio, Accountant

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